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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1640
INFO RUEHBJ/AMEMBASSY BEIJING 8346
RUEHUL/AMEMBASSY SEOUL 4371
RUEHFR/AMEMBASSY PARIS 6467
RUEHKSO/AMCONSUL SAPPORO 3608
RUEHOK/AMCONSUL OSAKA KOBE 6860
RUEHFK/AMCONSUL FUKUOKA 3068
RUEHNH/AMCONSUL NAHA 5408
RUEHHK/AMCONSUL HONG KONG 6727
RUEHGH/AMCONSUL SHANGHAI 0552
RUEHBS/USEU BRUSSELS
RUEHIN/AIT TAIPEI 7279
RUEATRS/TREASURY DEPT WASHDC
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
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C O N F I D E N T I A L TOKYO 000617

SIPDIS

USTR FOR AUSTR CUTLER, BEEMAN, AND HOLLOWAY
NSC FOR LOI, RUSSELL

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SUBJECT: INSURANCE: MOFA, PM'S OFFICE ON JAPAN POST NEW
PRODUCT

REF: TOKYO 555

Classified By: Charge James P. Zumwalt for reasons 1.4 b/d.

¶1. (C) Ministry of Foreign Affairs (MOFA) Economic Policy Director General Suzuki, in a March 18 meeting with EMIN, provided a readout of a briefing he and representatives from the Financial Services Agency (FSA), Ministry of Internal Affairs and Communications (MIC), and the Postal Services Privatization Committee (PSPC) gave to Chief Cabinet Secretary Takeo Kawamura on postal privatization and Japan Post Insurance's (JPI's) possible application for a new cancer product.

¶2. (C) Suzuki said he had briefed CCS Kawamura on March 16, partly because the February 11 letter House Ways & Means Chair Rangel sent on the Japan Post Insurance issue had gotten the attention of Ambassador Fujisaki. Suzuki said the meeting went into detail on USG points regarding JPI issuing new products prior to it being fully privatized and the implications of such a move. Suzuki said Kawamura is aware of the problems and knows well about cancer and the importance of supplementary cancer insurance products, given his personal medical history. EMIN stressed to Suzuki that a new application would be taken very seriously and cause extremely difficult problems given that Japan Post Insurance is not yet privatized and that politicians are intervening in various parts of the privatization process. It is important the GOJ work to avoid an action that could cause serious problems.

¶3. (C) Responding to questions, Suzuki said MOFA did not know when a new product application might be filed and that no one knows what Japan Post Insurance's plans are right now. He noted the JPY 10 million cap on its products remains in force and that only a change in administrative ordinances can remove this product limitation. Suzuki said he personally wants to see a level playing field and conveyed to Kawamura the USG's "high interest" in the privatization and product issues. Suzuki explained that even if a new product were applied for in the next few days, the Prime Minister's office is now engaged and any action now will need the approval of the PM's office. (Note: the FSA has delegated authority from the PM in the product approval process.) Suzuki said he told

Kawamura the GOJ needs to go the "extra mile" with the USG on this issue given the sensitivities.

¶4. (U) Septel reports Japan Post Insurance's March 19 request for a change to the administrative ordinance governing its insurance product offerings.

ZUMWALT